

Message Text

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ORIGIN EB-07

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S/S-MR ORTIZ

----- 114139

P 161816Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY MOSCOW PRIORITY

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E.O. 11652: N/A

TAGS: EAGR, ETRD

SUBJECT: BILATERAL GRAIN AGREEMENT CONSULTATIONS

1. ARTICLE 8 OF GRAIN SUPPLY AGREEMENT CONCLUDED

OCTOBER 20, 1975, BY US AND USSR CALLS FOR CONSULTATION BETWEEN TWO PARTIES ON IMPLEMENTATION OF AGREEMENT AND RELATED MATTERS AT 6 MONTHS INTERVALS BEGINNING 6 MONTHS AFTER AGREEMENT BECAME EFFECTIVE. SINCE AGREEMENT WAS EFFECTIVE ON SIGNATURE, FIRST CONSULTATIONS UNDER AGREEMENT SHOULD TAKE PLACE WITHIN NEXT SEVERAL WEEKS.

2. EMBASSY REQUESTED ADVISE MINISTRY FOREIGN TRADE AT APPROPRIATE LEVEL (SUGGEST FIRST DEPUTY MINISTER KUZMIN) THAT, SINCE AGREEMENT WAS CONCLUDED IN MOSCOW, USG BELIEVES APPROPRIATE FIRST CONSULTATIONS BE WASHINGTON. SUGGEST APRIL 29-30 OR MAY 3-4 AS POSSIBLE DATES. US PREFERS LATTER. BELIEVE 1 OR 2 DAYS ADEQUATE FOR CONSULTATIONS.

3. ALTHOUGH USG BELIEVES CONSULTATIONS SHOULD BE AT POLICY LEVEL, IT ALSO BELIEVES THEY WILL BE ESSENTIALLY TECHNICAL IN CHARACTER. USG PLANS ASSISTANT SECRETARY OF AGRICULTURE RICHARD BELL AND DEPUTY ASSISTANT SECRETARY OF LIMITED OFFICIAL USE

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STATE JULIUS KATZ HANDLE CONSULTATIONS FOR US AND SUGGEST

SOVIET SIDE BE HEADED BY DEPUTY MINISTER. DEPUTY FOREIGN TRADE MINISTER BORIS GORDEYEV WOULD SEEM LIKELY CANDIDATE. US ALSO WOULD WELCOME PARTICIPATION EKSPORT KHLEB DEPUTY CHAIRMAN VIKTOR PERSHIN.

4. USDA PLANS INVITE SOVIET DELEGATION TO VISIT US FARMING REGIONS AND EXPORT FACILITIES FOLLOWING CONSULTATIONS. THIS WOULD BE DONE IN COOPERATION WITH FARM GROUPS (GREAT PLAINS WHEAT GROWERS, U.S. FEED GRAINS COUNCIL AND AMERICAN SOYBEAN ASSOCIATION), FARMER COOPERATIVES AND EXPORT FIRMS.

5. IF ASKED ABOUT SUBJECTS US WISHES TO DISCUSS, EMBASSY MAY SAY THAT WE BELIEVE HOLDING CONSULTATIONS AT THIS TIME IS IMPORTANT AS EVIDENCE OF IMPLEMENTATION OF THE AGREEMENT. CONSULTATIONS WILL PROVIDE AN OPPORTUNITY FOR DISCUSSION OF CURRENT SUPPLY AND DEMAND OUTLOOK. WE ALSO UNDERSTAND THE SOVIET SIDE MAY WISH TO DISCUSS THE SPACING OF SHIPMENTS UNDER THE AGREEMENT IN MORE DETAIL, WHICH WE WOULD BE PREPARED TO DO ALONG WITH DISCUSSING ANY OTHER POINTS THE SOVIET SIDE MAY WISH TO RAISE.

6. FYI. MATTER OF CONSULTATIONS HAS BEEN DISCUSSED BETWEEN BELL AND MKRTUMOV, COMMERCIAL MINISTER SOVIET EMBASSY HERE. MKRTUMOV BELIEVES DEPUTY MINISTER GORDEYEV APPROPRIATE OFFICIAL TO HEAD SOVIET SIDE. HE PROBABLY HAS RECOMMENDED ACCORDINGLY TO MOSCOW.

7. PROPOSED DATES FOR CONSULTATIONS PARTLY RELATED USDA RELEASE FOR GRAIN REPORTS. USDA WILL RELEASE STOCKS REPORT APRIL 22 WHICH ESTIMATES US GRAIN STOCKS AS OF APRIL 1. THIS WILL ENABLE USDA UPDATE ITS ESTIMATES US DOMESTIC GRAIN USE FOR 1975/76 MARKETING YEAR AND THEREFORE PROVIDE NEW APPRAISAL US SUPPLY SITUATION. USDA RELEASED APRIL 9 RESULTS OF SPECIAL WINTER WHEAT SURVEY IN FIVE DROUGHT-AFFECTED STATES, WHICH INDICATED DAMAGE CONSIDERABLY LESS THAN EXPECTED. USDA WILL RELEASE APRIL 15 NEW REPORT ON FARMERS' PLANTING INTENTIONS FOR 1976 SPRING GRAIN CROPS.

8. REPRESENTATIVES US GRAIN EXPORT FIRMS WHO HAVE BEEN IN MOSCOW LATELY REPORTED TO USDA THAT EKSPORT KHLEB OFFICIALS STATED SOVIETS WANT CONSULTATION UNDER AGREEMENT BUT ARE LOOKING TO US TO INITIATE THEM. END FYI. ROBINSON

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